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26 June 1963

MEMORANDUM FOR: Deputy Assistant Director, Research and Reports

1. Although trade figures and other evidence suggest that China incurred certain debts to Poland, this statement of Trempezynski's is the first official statement concerning such a debt or of Chinese repayment of it. China's indebtedness to Poland may be a credit extended by Poland for the Chinese purchase of certain Polish industrial goods exhibited in China in 1961 of a value of several million dollars. A larger debt of possibly as much as \$25 million (including that for the exhibition goods) may exist as a result of China's import surplus with Poland since 1958.

2. The statement is significant for two reasons: first, it suggests the possibility that Poland funded the presumed Chinese 1958-1960 clearing debt at the same time that the USSR funded China's clearing debt on Sino-Soviet account.

Second, the terms given -- that China was "insisting on paying off" its long-term commitments to Poland -- is consistent with our notion of China's activity vis-a-vis the USSR in 1962 and 1963.

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NSA review completed